

Frost
Brown Todd^{LLC}
ATTORNEYS

February 3, 2010

HAND DELIVERED

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

RECEIVED
FEB 03 2010
PUBLIC SERVICE
COMMISSION

Re: PSC Case No. 2009-00476

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten redacted copies of the responses of East Kentucky Power Cooperative, Inc. ("EKPC") to the Commission Staff's First Data Request, dated January 21, 2010. An original and ten copies of EKPC's Responses to the First Set of Data Requests of Gallatin Steel, dated January 19, 2010, are also enclosed.

Also enclosed are an original and ten copies of EKPC's Petition for Confidential Treatment of Information regarding designated responses to Commission Staff's data requests, along with a copy of the designated confidential pages.

Very truly yours,


Mark David Goss
Counsel

Enclosures

Cc: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR)
APPROVAL OF THE ISSUANCE OF)
\$900,000,000 OF SECURED PRIVATE) CASE NO. 2009-00476
PLACEMENT DEBT AND UP TO \$21,435,000)
OF UNSECURED DEBT)

**RESPONSES TO GALLATIN STEEL'S FIRST DATA REQUEST
TO EAST KENTUCKY POWER COOPERATIVE, INC.**

DATED JANUARY 19, 2010

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR)
APPROVAL OF THE ISSUANCE OF)
\$900,000,000 OF SECURED PRIVATE) CASE NO. 2009-00476
PLACEMENT DEBT AND UP TO \$21,435,000)
OF UNSECURED DEBT)

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

James C. Lamb, Jr., being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to Gallatin Steel Company First Data Request in the above-referenced case dated January 19, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Handwritten signature of James C. Lamb, Jr.

Subscribed and sworn before me on this 1st day of February, 2010.

Handwritten signature of Notary Public and the text 'Notary Public' below it.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR)
APPROVAL OF THE ISSUANCE OF)
\$900,000,000 OF SECURED PRIVATE) CASE NO. 2009-00476
PLACEMENT DEBT AND UP TO \$21,435,000)
OF UNSECURED DEBT)

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

Frank J. Oliva, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to Gallatin Steel Company First Data Request in the above-referenced case dated January 19, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Frank J. Oliva

Subscribed and sworn before me on this 1st day of February, 2010.

Lucretia M. Willoughby
Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

AN APPLICATION OF EAST KENTUCKY)
POWER COOPERATIVE, INC. FOR)
APPROVAL OF THE ISSUANCE OF)
\$900,000,000 OF SECURED PRIVATE) CASE NO. 2009-00476
PLACEMENT DEBT AND UP TO \$21,435,000)
OF UNSECURED DEBT)

CERTIFICATE

STATE OF KENTUCKY)
)
COUNTY OF CLARK)

John R. Twitchell, being duly sworn, states that he has supervised the preparation of the responses of East Kentucky Power Cooperative, Inc. to Gallatin Steel Company First Data Request in the above-referenced case dated January 19, 2010, and that the matters and things set forth therein are true and accurate to the best of his knowledge, information and belief, formed after reasonable inquiry.

Handwritten signature of John R. Twitchell

Subscribed and sworn before me on this 2nd day of February, 2010.

Handwritten signature of Notary Public

MY COMMISSION EXPIRES NOVEMBER 30, 2013
NOTARY ID #409352

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 1

RESPONSIBLE PERSON: John R. Twitchell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 1. When the CPCN for Smith 1 CFB was issued what was the projected cost and in-service date of the plant at that time? Please provide the relevant documents to support the cost figure.

Response 1. On August 29, 2006, the Commission issued an Order (Case No. 2005-00053) granting the CPCN on the Smith 1 CFB. At that time, the projected cost was \$533 million and the projected in-service date was August 2010. Information regarding cost is included in the record in Case No. 2005-00053 (Application Exhibit 8, filed January 31, 2005.)

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 2

RESPONSIBLE PERSON: John R. Twitchell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 2. What is the projected cost and in-service date of Smith 1 CFB now? Please provide the relevant documents to support the cost figure.

Response 2. As indicated in the revision to Application Exhibit 3, page 2 of 4, the projected cost of the Smith 1 CFB is \$819 million and the projected in-service date is the fourth quarter of 2013. The documents to support the projected costs are currently the subject of a Petition for Confidential Treatment filed by EKPC, and, as such, are redacted.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 3

RESPONSIBLE PERSON: John R. Twitchell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 3. Please provide a detailed explanation for any difference in the originally projected cost versus the currently projected cost.

Response 3. EKPC received the original cost estimate for the Smith Unit 1 CFB in 2005. Since that time, EKPC has seen significant escalations in labor and material costs associated with utility construction. These escalations, coupled with delays encountered in receiving permit approvals from governmental agencies, are the reasons for the difference in the originally projected cost versus the currently projected cost.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 4

RESPONSIBLE PERSON: James C. Lamb, Jr.

COMPANY: East Kentucky Power Cooperative, Inc.

Request 4. Please provide all studies or documents made by or for EKPC which demonstrates that Smith 1 CFB still remains the least cost method of meeting customer energy and capacity needs

Response 4. EKPC believes that the information requested goes beyond the scope of its pending financing application and therefore respectfully declines to provide the information.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 5

RESPONSIBLE PERSON: James C. Lamb, Jr.

COMPANY: East Kentucky Power Cooperative, Inc.

Request 5. Assume that Smith 1 CFB is finished at the time currently projected. What will EKPC's reserve margin be at that time and for the five years thereafter?

Response 5. EKPC believes that the information requested goes beyond the scope of its pending financing application and therefore respectfully declines to provide the information.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 6

RESPONSIBLE PERSON: James C. Lamb, Jr.

COMPANY: East Kentucky Power Cooperative, Inc.

Request 6.

Assume that the decision is made to cancel Smith 1 CFB.

- a. What would the financial results be to EKPC?
- b. What would the financial results be to the Members?
- c. Could EKPC recoup any amounts already spent, such as by selling turbine or boiler equipment already purchased or canceling contracts?

Response 6 (a-c).

EKPC believes that the information requested goes beyond the scope of its pending financing application and therefore respectfully declines to provide the information.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 7

RESPONSIBLE PERSON: Frank J. Oliva

COMPANY: East Kentucky Power Cooperative, Inc.

Request 7. Please provide a detailed breakdown of the almost \$150 million EKPC has expended for engineering design work, materials and equipment, turbine and boiler fabrication, and warehousing.

Response 7. A detailed breakdown of the Smith Unit 1 CFB project costs is included on page 2 of this response.

**Smith Unit No. 1
CFB Generation - Project Costs
Through 11/30/09**

<u>Contract Purpose</u>	<u>Actual Recorded Expenditures</u>
Turbine Generator	\$ 26,079,059
Feedwater Heaters	1,639,247
Condenser	2,661,835
Boiler Feed Pumps	2,962,371
Alloy Piping And Alloy Supports	3,216,231
Boiler Island	95,542,495
Subtotal	<u>132,101,238</u>
Engineering Design	7,730,689
Owners Cost	804,554
Site Grading	1,067,211
Environmental Costs	873,486
Equipment Warehouse	2,643,410
Purchase Additional Land	47,546
	<u>13,166,896</u>
Total Contracts + Others	145,268,134
IDC	1,482,362
Project Total	<u>\$146,750,496</u>

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 8

RESPONSIBLE PERSON: John R. Twitchell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 8. Please describe the status of all required state and federal environmental permits for Smith 1 CFB.

Response 8. EKPC expects to receive all necessary state and federal permits for the Smith 1 CFB by February 2011.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 9

RESPONSIBLE PERSON: John R. Twitchell

COMPANY: East Kentucky Power Cooperative, Inc.

Request 9. Does EKPC believe that the U.S EPA's December 15, 2009 Order in Petition Nos. IV-2008-1 & IV-2008-2 (Cash Creek Generation, LLC) will have any effect or impact on Smith 1 CFB? If yes, please explain.

Response 9. No. EKPC does not believe that the U.S. EPA's Order regarding Cash Creek will have any effect or impact on the Smith Unit 1 CFB.

EAST KENTUCKY POWER COOPERATIVE, INC.

PSC CASE NO. 2009-00476

FIRST DATA REQUEST RESPONSE

GALLATIN'S FIRST DATA REQUEST DATED 01/19/10

REQUEST 10

RESPONSIBLE PERSON: James C. Lamb, Jr.

COMPANY: East Kentucky Power Cooperative, Inc.

Request 10. Please provide all memos, documents, studies and emails in the possession of EKPC, its employees or its agents which discuss or describe:

- a. The cost effectiveness of Smith 1 CFB compared to other alternative sources of generation supply;
- b. The financial impact on EKPC or its Members if Smith 1 CFB is cancelled;
- c. The impact of new or modified state or federal environmental rules or regulations on Smith 1 CFB;
- d. The progress of the construction of Smith 1 CFB.
- e. EKPC's ability to recoup costs already spent on Smith 1 CFB if the plant is cancelled.

Response 10 (a-e). EKPC believes that the information requested goes beyond the scope of its pending financing application and therefore respectfully declines to provide the information.